

EXHIBIT A

Taxpayer Name: LONG BAY MARINA, LLC
TIN: [REDACTED]
Tax Form: 1065
Tax Year (s): 201412

Examiner: Maroldo, James W.
Date: 01/12/2018

Fraud Development			
Tax Period	Code Section	Penalty Amount	Reference
Conclusion: <i>(Reflects action on the issue.)</i>			
No fraud is apparent. This is a conservation easement and no civil or criminal fraud was considered. The easement did not qualify under IRC 170 for various reasons and multiple positions as this case appears to be going unagreed.			
X	No Fraud [Comment required if there are adjustment(s) and fraud had been considered]		
	Indications of fraud [Explain]; Date of discussion with manager: [REDACTED]		
<p>The following items are not intended to be all-inclusive nor are they mandatory steps to be followed. Judgment should be used in pursuing the items that apply to each taxpayer. Refer to IRM 25.1, <i>Fraud Handbook</i> and the Fraud Website at http://sbseservice.wide.web.irs.gov/Fraud/default.aspx and contact your local Fraud Technical Advisor (FTA) when indicators of fraud are present.</p>			
Guidelines			
IRM 25.1.1.1(6) The FTA plays a vital role in the development of a potential fraud case. The FTA will be consulted in all cases involving potential fraud after discussing the case with the group manager.			
IRM 25.1.1.2(2) defines tax fraud. Tax fraud is often defined as an intentional wrongdoing on the part of a taxpayer, with the specific purpose of evading a tax known or believed to be owing. Tax fraud requires both an underpayment of tax due and fraudulent intent.			
IRM 25.1.2.3, <i>Indicators of Fraud</i> lists examples of fraud indicators. Fraud cannot be established unless affirmative acts of fraud are present.			
IRM 25.1.1, <i>Overview/Definitions</i> ; IRM 25.1.2, <i>Recognizing and Developing Fraud</i> ; and IRM 25.1.7, <i>Failure to File</i> provide specific guidance on fraud indicators and the development of fraud for filed and/or non-filed returns.			
IRM 20.1.5.3, <i>Examination Penalty Assertion</i> and IRM 20.1.2.7, <i>Fraudulent Failure to File — IRC section 6651(f)</i> , provide specific procedures for assertion of the civil fraud and fraudulent failure to file penalties.			
In cases where fraud was considered and the civil fraud penalty is not being recommended, the examiner will explain the reasons why the penalty was not asserted. Document the explanation in the "Conclusion" section above or at Lead Sheet 300, <i>Civil Penalty Approval Form</i> .			
Key Items			
Fraud Development (IRM 25.1.2.2 & IRM 25.1.7.4) and Indicators of Fraud (IRM 25.1.2.3 & IRM 25.1.7.2):			
<ol style="list-style-type: none"> 1. Document discussion with group manager in the Conclusion section above. 2. Discuss with FTA and prepare Form 11661 electronically if there is an agreement that potential for fraud exists and forward to group manager. If a disagreement exists on whether a case should or should not be in fraud development status, the ultimate decision rests with the group manager. 3. Upon receipt of approved Form 11661 with Plan of Action, update the case to Status Code 17. 4. Timely actions and periodic meetings with FTA are required. 5. If no fraud potential, Form 11661 will be updated by the FTA and the case returned to status 12. 			
Affirmative Acts (firm indicators) of Fraud warranting criminal consideration (IRM 25.1.3):			
<ol style="list-style-type: none"> 1. If affirmative acts of fraud are established, suspend all activity. 			

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Fraud Development	
<p>2. When affirmative acts (firm indications) of fraud/willfulness exist and criminal criteria are met, refer the case to Criminal Investigation (CI) via Form 2797, <i>Referral Report of Potential Criminal Fraud Cases</i>. The FTA is available to assist in determining if firm indications of fraud/willfulness are present, criminal criteria has been met, etc.</p> <p>3. No actions should be taken until Criminal Investigation accepts or declines referral.</p> <p>4. If accepted, cases should be updated to Status 18.</p> <p>5. If not accepted by CI, civil fraud consideration should be pursued.</p> <p>6. If assigned a case as Cooperating Agent (Form 6544), review and follow guidelines set out in IRM 25.1.4, <i>Administrative Joint Investigation</i> and/or IRM 25.1.5, <i>Grand Jury Investigations</i>.</p>	
Civil Fraud Developed (IRM 25.1.6)	
<p>1. A civil fraud penalty including the fraudulent failure to file may be developed based on the civil examination and/or result from a criminal investigation (CI) initiated case.</p> <p>2. Discuss the case with group manager and the FTA. If agreement can not be reached regarding assertion of the civil fraud penalty, the decision will rest with the group manager.</p> <p>3. Complete a write up including the facts, applicable law, argument, and conclusion (IRM 4.10.8.11.2, <i>Explanation of Items</i>).</p> <p>4. Cases being developed for civil fraud will be updated on AIMS to status code 17 (Fraud Development), via Form 11661, <i>Fraud Development Recommendation - Examination</i>.</p> <p>5. Examiners should be aware of Collateral Estoppel on cases criminally prosecuted. Refer to IRM 25.1.6.4, IRM 25.1.7.8(5) and IRM 20.1.2.7(9). A taxpayer or nonfiler convicted of IRC 7201, <i>Attempt to Evade or Defeat Tax</i>, is collaterally estopped from denying liability for the civil fraud or fraudulent failure to file penalty.</p>	
Facts: (Document the relevant facts.)	
Law: (Tax law, regulations, court cases, and other authorities. If unagreed, add argument.)	
IRC Section:	
Specific Citations:	
Taxpayer Position: (If applicable) Summarize defenses given by the Taxpayer / Filer, Representative, or Preparer for acts of fraud.	
Additional Items:	Workpaper Reference
Form 11661 - Fraud Development Recommendation - Examination	
Form 2797 - Referral Report of Potential Criminal Fraud Cases	
Form 10498A - Joint Investigations Intent to Commence Civil Action	
Form 10498B - Joint Investigations Intent to Solicit Consent to Extend Statute	Attach to back of tax return
Form 6544 - Request for Cooperating Examiner	
Form 13308 - Criminal Investigation Closing Report (Tax and Tax Related Only)	